File No. 89/26

1 26

Collection No.

10/6/47 Imposts Residency

Pros. Serial Nos. 1 87 53

Subject.

Application of the Govt Trading Taxat Act III of 1926 to the Custom Station - Exemption of the Imposts Govt from the operation thereof

Previous References.

Later References.

7 21/28

S. 97.

-1C—FP—465DCFMis.—(3733)—20-11-25 - 35,000.

I

No.4010 Conf-1 5 June 19
143

DRAFT.

Memorandum No.F.44-R/31, dated the 12th May, 1931, from the p.u.c. Assistant Secretary to the Government of India, Foreign and Political Department.

S.N. 137

( ) To Nos. 1 & 2 only.

R

A copy of the marginally noted memorandum is forwarded to the

1) Inspector of Schools, Coorg and Bangalore,

2) ~~The~~ President, Municipal Commission,

3) Pay and Accounts Officer,

4) Audit Officer, Experiments,

Civil and Military Station, Bangalore for information, (in continuation of the endorsement from this Residency No.1064, dated the 12th February, 1931.)

2. The sum of Rs.11900/- (rupees eleven thousand nine hundred) referred to therein has been surrendered to the Government of India.

SECRETARY TO THE RESIDENT

T.N. Thangavelu
Mudaliar
23-5-1931.

Comptr. & Aud. Gen. 4/6

O.W.

Encl: R. No N. 13/792-I.T/26/ dated the 30th March 26, from the A.C., Finance Dept: (Central Revenues).

Draft submd.

CAG 15/4/26 — VB 15/4 — WP 16.4.26

Issued no. 3572 dt 20.4.26

s1.6 Letter No.C.R.100 of 26, dated 22.4.26, from the Collector & A.C. of I.T.

Please see sls.1 & 2.

It appears to be necessary to apply the Act to the Station before proceedings can be taken thereunder. The next step is to determine the officer on whom the notice of demand is to be served. No suggestions have been received on these points. The question of the application of the Act may be taken up in the first instance.

Draft for approval.

F' 30/4 — VB 30/4

Issued no. 4015 dt 5.5.26.

s1.7 Letter No.119 of 26, dated 14.5.26; from the Collector, C.& M. Station.

Please see sls.1 to 7.

Draft for approval.

F' 17/5 — VB 18/5

Resdt: 19.5.26

sl.12 Notfn. No.276-I, dated 15.6.26, from the G. of I., For. & Pol. Dept..

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6 Please see sls.1 & 11.

Draft submtd.

22/6 24/6 23.6.26

24/6

13 Issued No 55078 26-6-26

sl.14 Letter C.R.No.159 of 26, dated 9.7.26, from the Collector & A.C

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7 Please see sls.1, 12 & 13 and the last sentence of sl.2/38-18.

Draft submtd.

13/7 18/7

8 Draft may issue

Read

Rodl:
Ichhuan
13.7.26. 9

15/7/26

2

5

sl 15 Issued No 61742 17.7.26

s. 16. Letter No. Pol. 158 / I.T. 9-26, d. 12.8.26, from the G. of Mysore.

Please see sl.15.

10 The notifications applying the Indian Income-tax Act, 1922, and the Government Trading Taxation Act, 1926, (sls.100/38-18 & 12) were re-published in the Resy. Orders (sls.104/38-18 & 13). There appears to be no objection to supplying the G. of Mysore with copies of sls.100/38-18 & 12.

Draft submtd.

17/8 17/8

17

sl.18 D.O. dated 22.10.26, from the Private Secy. to H.H.

sl.19 Letter No. Pol.381, dated 26.10.26, from the G. of Mysore

---

(11) Please see sl.15

The Act was applied on the recommendation of the Collector (sl.10), and its retention is unconnected with the present question raised by the Government of Mysore, as there are other Indian States whose Governments may become liable to taxation under the Act.

(12) As regards puc II, the position(constitutional and legal) of the Station is well known. But under Art.8 of the Treaty of 1913, the Maharaja has renounced all jurisdiction within the lands granted, and where an enactment is applied, as it is done, under the Order in Council, it is for consideration whether it is possible for the Government of Mysore to question the authority of the Government of India in applying the enactment, because this is what the objection practically amounts to. Where an Act is applied to the Station, references to British India shall be read as referring to the C.& M. Station(proviso 1 to notfn.318-D of 16.1.17), and when the Act is enforced, as in this instance, naturally all Indian States, including the State of Mysore, become affected by its provisions.

Flag S

(13) It is perhaps also reasonable to suppose that, if any such technical objection as is referred to by the Government of Mysore existed, the Government of India would have vetoed the proposal for the application of the Act to the Station, which they have not done.

sl. 12

(14) Assuming the peculiar relationship which subsists between the Station and the Mysore State, it is known that [redacted] Local Governments in British India are not exempt, a[redacted]es, from taxation by the Government of India(sl.1(a)/52-1924) so that it may not perhaps be unfair to assume that the objections now put forward by the Government of Mysore rest rather on financial considerations, than on the special technical position of the Station.

15

Finally, assuming that steps for the deletion of the Act are not taken, another matter is whether the Government of Mysore may be exempted from the operation of its provisions. There is no section of the Act under which this can be done. The provisions of sec.2 are imperative; but it is not impossible for the Collector, C.& M. Station, to ignore the provisions of the Act where the Government of Mysore is concerned, if he is so advised to do, and this may be a method of meeting the wishes of the Government of Mysore, without, at the same time, applying to the Government of India for the removal of the Act.

16

Perhaps the Collector's remarks may be invited U.O., and when they are received, the matter may be examined further, and, if necessary, placed before the Government of India for their advice.

For orders.

28/10 — 28/10

W.O. No. 9383
D. 28/10/26.

The Collector (u/o)

17

As pointed out by Office, there is not much basis for the Durbar's contention that the Government of India cannot tax their undertakings in the Civil and Military Station.

On the other hand their special position in the Civil and Military Station has been recognised in such matters as the surplus revenue of the Assigned Tract and the use of their stamps here. I am inclined to think that as a matter of policy it would be well to exempt them in this case. The main if not the only business affected will be the supply of electricity to the Station. No doubt the income-tax derived from

this would be considerable, but it might be taken as certain that the Durbar would succeed in passing on the burden of taxation to the consumer. Further, the imposition of the tax would be likely to prejudice the harmonious relations with the Durbar upon which the satisfactory administration of the Station depends.

To exempt them, I presume, all that need be done would be to add a proviso in the notification applying the Act to the effect that it shall not apply to any undertaking by the Mysore State within the limits of the Station.

2.11.26.

Please see from para(11).

The Government of India may, if approved, be moved to exempt the Mysore State from the operation of the Act, as applied to the Station.

Draft for approval.

3/11 3/11

Read (19) The Mysore Govt. may perhaps be informed that the G of I have been addressed in the matter

Result (20) This last letter to Simmons) Calcutta in Delhi during the forthcoming 5.11.26 trip there. If we can get an addn to our I.T. income by taxing the State, 3/4 of that would return to the state as part of the surplus revenue. 8/11/26

2nd Enclosure

S/N 88
Part I

c/s. 72

S. 5.
MGIPC—S5—1595(S&P)MFP—(M-944)—6-3-39—60,000 Pads.

No. R.f.17-42/Judl. a/

From - The Secy. to the Resident.

To - Headquarters, 160 L of C Sub Area, 11 A.B.P.O.

Compensation claimed by the Govt. of Mysore for damages caused by military transport vehicles.

Reference your memorandum No. 62/4/1/130/A, dated the 15th Novr. 1943.

2. The Govt. of Mysore have taken objection to the use of the term ~~of the kind~~, "Act of grace" in ~~the~~ receipts ~~for~~ for compensation amounts paid to ~~the~~. ~~No.30/ forwarded with your memo~~: ~~No.DO/3/88/13/A, dated the 16th Jan: 1943, and~~ A reference has accordingly been made to the Pol. Dept. whose reply is awaited.

Srl. No.	Date.	Location.	Unit.	Damage.		Amount.	
1.	13 3 41.	South Parade, Bengalore.	2 Trg.Coy. R.I.A.S.C.	Electric Pole.	98	0	0
2.	16 3 41.	Junc-Cubbon-Dickinson Road.	(?) Trg.Co.	Electric Pole.	19	0	0
3.	14 7 41.	Jayamahal Road,Bangalore.	M.S.&.M.	Electric Pole.	52	0	0
4.	23 7 41.	Jayamahal Road,Bangalore.	6 M.T.Trg.Bn.	Electric Pole.	48	0	0
5.	29 9 41.	Nagarthpet Main Road.	G.E.Jalahalli				
6.	10 10 41.	Lalbagh Road - City.	S.T.C. (I)	Ornamental Gobe.	30	Negligible	
7.	23 10 41.	Race Course Road.	6 M.T.Trg.Bn.	40 Foot Baliga Pole.	127	0	0
8.	4/2-11-41.	A/2 M.O.30 E.Pole.	S.T.C.(I)	Lamp Post.	35	0	0
9.	13 11 41.	Cunningham Road.	M.S.&.M.	Automatic telephone Rail.	35	0	0
10.	4 12 41.	Devanahalli-Bangalore-Bellary. Road.	6 M.T.Trg.Bn.	Ornamental Pole.	20	0	0
11.	4 12 41.	Clospot.	Brigade Exercises.	Ornamental Pole.	36	0	0
12.	19 12 41.	Tata Institute Circle.	1 P.O.W.Camps.	Ornamental Globe etc.	39	0	0
13.	25 12 41.	Nandydroog Road.	M.S.&.M.	Rail bent	60	0	0
14.	12 1 42.	Tata's Institute Circle.	M.S.&.M.	Electric Pole.	75	0	0
15.	30 1 42.	Subedar Chatram Road(warant	6 M.T.Trg.Bn.	Ornamental Lamp Post.	182	0	0
16.	30 4 42.	Near Porcelain Factory Malles	M.S.&.M.	Lamp Post	230	0	0
17.	30 4 42.	Bangalore-Hosur Road	M.S.&.M.Lorry No.80196	Electric Pole.	47	0	0
18.	30 4 42.	Near Porcelain Factory.	G.P.T.	Electric Pole.	109	0	0
19.	2 6 42.	Near Palace Upperahalli	Lorry No.6610	Overhead Street Light.	54	0	0
20.	28 6 42.	Dhavanbudi Tank Road	Lorry No.78569	Ornamental Lamp Post.	246	0	0
				Total.	1,542	0	0

(UK)

Regr. No. 7710-A/W.5.

To

No. 21530/4/A.G.13(c)
Government of India, War Department (Army Branch)
New Delhi, the 25th September 1942.

The Adjutant General in India. (with 15 spare copies)

Payment of compensation to the Mysore State for damages caused to the property of its Electrical Department by military vehicles of the Government of India plying in that State.

Sir,

With reference to memorandum No. 10338/44/A-2, dated the 24th August 1942, from the Headquarters, Southern Army, to your address, I am directed to convey the sanction of the Governor General in Council to the payment of a sum of Rs. 1542/- (Rupees one thousand five hundred and forty two) as shown in the attached list to the Mysore State as compensation for damages caused to its property by military vehicles of the Government of India plying in that State.

2. The payment is made on the distinct understanding that the settlement will not be treated as a precedent for future claims of the same nature.

3. The expenditure involved is debitable to old main head "7-D-Miscellaneous-Incidental and miscellaneous expenses" of the Defence Services Estimates.

I am, Sir,
Your most obedient servant,

Assistant Secretary to the Government of India.

Copy of the above forwarded to:- No. 21530/5/A.G.13(c)

The.....

The Political Department.
The Financial Adviser, Military Finance, with reference to his u.o. No. 4988-B.B of 1942, for communication to the Director of Audit, Defence Services, the Assistant Director of Audit, Defence Services, Southern Army and the Controller of Military Accounts, Southern Army, Poona.
The Joint Financial Adviser. (4).

C.S. Rao
Assistant Secretary to the Government of India.

P.I.
"36 - 25.9.42."

21

Precis.

The Government Trading Taxation Act III of 1926 has been applied to the C.& M.Station of Bangalore (sl. 12). In sl.1, the Central Board of Revenue drew the attention of Commissioners of Income-tax to the necessity for serving notices, for the purposes of the Act, upon some representative of the State concerned in British India (here, the C.& M.Station) although in a subsequent Circular (sl.2/38-18) they held that notices under the Indian Income-tax Act could legally be served abroad upon non-residents by post in accordance with sec.63 of the Income-tax Act, whilst, at the same time, maintaining that it would be as well to invite the assessee to appoint an agent to represent him for income-tax purposes in India.

The Mysore Government were accordingly invited to appoint such an agent (sl.15). In answer to this reference they have raised the question of the propriety of the Station to claim the right to tax the Mysore State, of which it forms a part (sl.19). The Collector, C.& M.Station, whose remarks were invited, agrees with the office view that there is not much basis for the Durbar's contention that the Government of India cannot tax their undertakings in the C.& M.Station. On the other hand, he is inclined, in view of their special position in the Station, to recommend, as a matter of policy, their exemption from the operation of the Act (para 17).

The papers are noted down for discussion in Delhi (para 20).

Resdt:
Kelnden
4.12.26

22

I mentioned this case to Underhill
& he says he will look into it.

In my own absence, I think, suggest
the Secy can put this & anything
else he wants to put before.

WL
7.12.26

WL

Read

Draft for approval

Result:
Allowed
13-12-26

WL
17.12.26

8

8(20-4)

sl.22

23

D.O.Letter No.135-I/26, dated 9.4.27, from G. of I., F & P

Please see sl.20.

From paras 8 & 9 of sl.27/543-01, in which the scheme for the electric lighting of the C.& M. Station was explained to the G. of I., it appears that no charges were contemplated for the installation of the plant necessary to generate and supply the electrical power, except for maintenance and interest on the capital expenditure. These terms were embodied in the agreement of 3rd March 1908(sl.213/a 543-01) which agreement was renewed on 16th October 1923(sl.347/a 543-01). Para 3 of the renewed agreement provides for payment at a fixed rate for each lamp, and the charges per annum amount to Rs.37,485/- (page 2 sl.334/a 543-01). Mr.Forbes said that the cost of maintaining each lamp came to Rs.32/- which would give an income of Rs.3 on each lamp since payment was to be made at the rate of Rs.35. Besides this there is the income derived by the Government of Mysore from the supply of electrical power to the public and for trade purposes (sl.311/543-01). The Collector believes that the income-tax derived from the supply of electricity to the Station would be considerable(para 17 of notes), and reference was made to his statement in para 4 sl.20.

As the G. of I. ask for additional information (para 3 of puc) a draft to Collector is submtd.

BANGALORE 28 APR. 1927 2027/A/27

W.O No. 27582843

+ After issue file to 80 Coller w/o.

22.4.27 23/4 23.4.27

sl. 23

Issued no. 3755 & 28.4.27

Sent on for Runner 4.28.4.27.

24

sl.24

D.O.letter No.C.R.100/26, dated 10.5.27, from the Collector, C.& M. Station.

25

Please see sl.21 and para(23).

Draft for approval.

13.5.27

AS 13/5

Draft may issue

Read:-

Read:
Kelkar
14.5.27

18/5/27

wil
20.V.27

5.25

Issued D.O. No. 4797 dt 27-5-1927

sl 26
put.

D.O. No. 135-E dt 5.11.27 from the Coll E, F & P Deptt

26

Please see sl 19, 20 & 22—25.

Draft D.O. to Coll^r, Colaba. is sent.

10

CVO
22.11.27

AS
23/11

Done

sl 27

Issued No 11859 dt 24.11.27

S. N. 28
P.U.C.

(27)

D.O. No: 67, dt 14.12.27, from the Collr. Cossipore

Please see sls 26 & 27 and P.U.C. (The previous correspondence is at sls 19, 20 & 22–25).

Draft submd.

16.12.27 17/12

17.12.27

N. 29

Issued D.O. No. 12763, dt 26.12.27

28

No reply has yet been received to ~~The~~ The Residency letter ~~of~~ S.N. 20, dated 5.1.27. The demi-official correspondence which followed it ended with S.N. 29, of 20.12.27. Please for consideration whether the Govt. of India may now be reminded. If so, ~~the~~ Draft is for approval.

C.V. Ramanathan.
11.9.28

Secretary 29

I doubt the necessity for a reminder as no practical difficulty has arisen in consequence of the delay.

12/9

S.N. 30 From The Govt. of India No. F 135-I/28 dt 6.12.28
S.N. 31. Notification of The Govt. of India No 684-I, dt 5.12.28

30

A draft letter in accordance with the p.n.c I is submitted

submitted, a copy of
which may be sent to
the [illegible], course.

C.V. Ramanathan.
21.12.28

(From para. 30)

21/12/28

24/12

S.W. 32. Issued no. 3508 No. 1. 29

C. No. 10/782-I. T./25.

GOVERNMENT OF INDIA.

CENTRAL BOARD OF REVENUE.

PRESIDENT'S OFFICE
BANGALORE.
Register No. 2678
Date of Receipt 30.3.26

Delhi, the 19th March 1926.

CIRCULAR.

Government Trading Taxation Act (III of 1926)—Indian Income-tax—Indian States—Liability to tax.

The attention of the Commissioners of Income-tax is drawn to the Government Trading Taxation Act (III of 1926) which will come into force on the 1st April 1926.

2. It will be observed that it applies to income from trade or business carried on in British India by the Government of any part of the British Empire, other than the Government of India or a Local Government, and to property occupied, and goods owned, in British India for the purpose of such trade or business. Sub-section (3), of section 2, makes it plain that the Act applies that the Governments of India States. The Act thus removes all doubt as to the liability to Indian income-tax and super-tax of income from business derived by the Government of an Indian State or a Dominion Government from operations in British India. Read with the Indian Income-tax Act, XI of 1922, it also provides machinery for assessing such income and recovering the tax levied upon it. The Government in question is liable to taxation under the Indian Income-tax Act in the same manner and to the same extent as in a like case a company would be liable [Section 2 (1) (*a*)]. Under section 2 (2) such Government is to be deemed to be a company within the meaning of the Indian Income-tax Act. Consequently, before attempting to assess the income of such Government the Income-tax Officer must serve a notice under section 2 (12) (*b*) of the Indian Income-tax Act upon some representative of the said Government in British India declaring his intention of treating such representative as the principal officer of such Government. In assessing income derived from business in British India by an Indian State or Dominion Government, the Act should always be applied. In regard to the assessment to income-tax of income of Indian States or Dominion Governments to which the Act does not apply, the existing practice in each individual case should be adhered to.

3. If any difficulty or doubt arises, the matter should be reported to the Central Board of Revenue for orders, especially if any Government should object to being taxed under the Act.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

Copy forwarded to the Foreign and Political Department.

G.I.P.D.—623C.B.R.—15-3-26—1,175.

ACT No. III OF 1926.

[PASSED BY THE INDIAN LEGISLATURE.]

(Received the assent of the Governor General on the 24th February, 1926.)

An Act to determine the liability of certain Governments to taxation in British India in respect of trading operations.

WHEREAS it is expedient to determine the liability to taxation for the time being in force in British India of the Government of any part of His Majesty's Dominions, exclusive of British India, in respect of any trade or business carried on by or on behalf of such Government; It is hereby enacted as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Government Trading Taxation Act, 1926.

(*2*) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

Liability of certain Governments to taxation in respect of trading operations.

2. (*1*) Where a trade or business of any kind is carried on by or on behalf of the Government of any part of His Majesty's Dominions, exclusive of British India, that Government shall, in respect of the trade or business and of all operations connected therewith, all property occupied in British India and all goods owned in British India for the purposes thereof, and all income arising in connection therewith, be liable—

XI of 1922.

(*a*) to taxation under the Indian Income-tax Act, 1922, in the same manner and to the same extent as in the like case a company would be liable;

(*b*) to all other taxation for the time being in force in British India in the same manner as in the like case any other person would be liable.

XI of 1922.

(*2*) For the purposes of the levy and collection of income-tax under the Indian Income-tax Act, 1922, in accordance with the provisions of sub-section (*1*), any Government to which that sub-section applies shall be deemed to be a company within the meaning of that Act, and the provisions of that Act shall apply accordingly.

(*3*) In this section the expression "His Majesty's Dominions" includes any territory which is under His Majesty's protection or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions.

Price 1 anna or 1½d.

MGIPC—L—I-128—13-4-26—7,500.

All communications should be addressed the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 1/4/1926

No. 3043. ENCLOS. 2

A copy of the marginally* noted ~~letter, with enclosure,~~ is forwarded to the... Collector of N. C. for I. T., C. M. Station, Bangalore, for information and necessary action.

*No. 10/752-3-3/25 dated 19th March 26 from the Central Board of Revenue

Secretary to the Resident.

P. O. 759, R. O. No. 26 —2-10-1925.—3,000—R. P. B.

RESIDENT'S OFFICE,
Register No. 3105
Date of Receipt 5.4.26
89/26

FINANCE DEPARTMENT (CENTRAL REVENUES).

NOTIFICATION.

INCOME-TAX.

Delhi, the 30th March 1926.

No. 13.—In pursuance of sub-section (2) of section 1 of the Government Trading Taxation Act, 1926 (III of 1926), the Governor-General in Council is pleased to appoint the 1st April 1926 as the date on which the said Act shall come into force.

A. TOTTENHAM,
Joint Secy. to the Govt. of India.

R. Dis. No. $\frac{13}{782\text{-I. T./25.}}$

Copy forwarded to all Commissioners of Income-tax and Chambers of Commerce.

By order, etc.,

for *Under Secy. to the Govt. of India.*

GIPD—698 FD(CR)—30-3-26—140.

RESIDENT'S OFFICE
BANGALORE.
Register No. 3108
Date of Receipt 5.4.26
File No. 89/26

[AS PASSED BY THE INDIAN LEGISLATURE.]

BILL

TO

Determine the liability of certain Governments to taxation in British India in respect of trading operations.

WHEREAS it is expedient to determine the liability to taxation for the time being in force in British India of the Government of any part of His Majesty's Dominions, exclusive of British India, in respect of any trade or business carried on by or on behalf of such Government; It is hereby enacted as follows :—

Short title and commencement.

1. (*1*) This Act may be called the Government Trading Taxation Act, 1926.

(*2*) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

Liability of certain Governments to taxation in respect of trading operations.

2. (*1*) Where a trade or business of any kind is carried on by or on behalf of the Government of any part of His Majesty's Dominions, exclusive of British India, that Government shall, in respect of the trade or business and of all operations connected therewith, all property occupied in British India and all goods owned in British India for the purposes thereof, and all income arising in connection therewith, be liable—

(*a*) to taxation under the Indian Income-tax Act, 1922, in the same manner and to the same extent as in the like case a company would be liable; XI of 1922

(*b*) to all other taxation for the time being in force in British India in the same manner as in the like case any other person would be liable.

(*2*) For the purposes of the levy and collection of income-tax under the Indian Income-tax Act, 1922, in accordance with the provisions of sub-section (*1*), any Government to which that sub-section applies shall be deemed to be a company within the meaning of that Act, and the provisions of that Act shall apply accordingly.

(*3*) In this section the expression "His Majesty's Dominions" includes any territory which is under His Majesty's protection or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

A

BILL

TO

Determine the liability of certain Governments to taxation in British India in respect of trading operations.

[*As passed by the Indian Legislature.*]

GIPD—884 LD—29-3-26—250

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

[illegible] 1926

No. 3572 ENCLOS. 2

A copy of the marginally* noted letter with enclosure, is forwarded to the [illegible] of Income Tax, C.M. Province, Bangalore, for information.

*No. 13 dated the 30th March 1926 from the G. of I., Finance Dept (Central Revenues)

P. W.

Secretary to the [illegible]

P. O. 759, R. O. No. 26—2-10-1925.—3 [illegible] R. P. B.

1914

6

No. C.R.100 of 26.

Office of the Collector and Assistant Commissioner of Income-tax,
Civil and Military Station, Bangalore,
Dated the 22nd April 1926.

From

H. Dawson, Esq.,
Collector & Asst. Commr. of Income-tax,
Civil and Military Station, Bangalore.

RESIDENT'S OFFICE,
BANGALORE.
Register No. 3704
Date of Receipt 26.4.26
File No.

To

The Secretary to the Resident
and Commissioner of Income-tax,
Civil and Military Station, Bangalore.

Sir,

Government Trading Act, 1926.- Your Office endorsement No.3043 dated 1st April 1926.

I have the honour to state that I have no remarks to offer except that the Mysore Government is the only State which will be affected by this Act chiefly in regard to its income from the supply of electric power for lighting and other purposes in the station.

The copy of the Act is returned herewith.

I have the honour to be,
Sir,
Your most obedient servant,

H. Dawson.
Collector and Asst. Commr. of Income-tax.
22/4/26.

KMP.

's should be
ecretary to
ysore, Banga-
ation and not by

No. 4075 DATED BANGALORE, 5th May 1926.

FROM Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE, &
COMMISSIONER OF INCOME-TAX.

To The Collector & Assistant Commissioner
of Income-tax, Civil & Military Static
B a n g a l o r e.

Reference ~~his~~ letter ~~telegram~~ No. C.R.100 / of 26 dated the 22nd April 1926

Subject.

Government Trading Taxation Act, 1926 - Liability of Indian States to tax under the Indian Income-tax Act, 1922.

The Collector is requested to state whether he recommends the application of the above Act to the Civil & Military Station of Bangalore, and if so, to forward the requisite draft of a notification.

o/c

for SECRETARY TO THE RESIDENT, &
COMMISSIONER OF INCOME-TAX.

A.S.B.

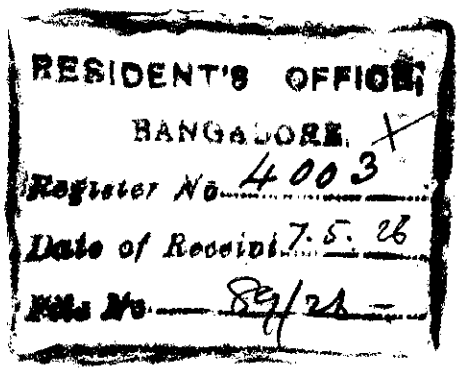
8

No.C.R.100

Office of the Income-tax Officer,
Civil and Military Station, Bangalore,
Dated the 5th May 1926.

From

E.C. Ward, Esq., B.A.,
Income-tax Officer,
C & M Station, Bangalore.



To

The Registrar,
Resident's Office,
Bangalore.

Sir,

I have the honour to request to be furnished with a copy of the Government Trading Taxation Act 1926. I have to ~~in~~ a draft notification regarding its introduction to the Station. The gazette copy of the Act received from your Office was returned to you with this Office No.C.R.100 of 1926 dated 23rd April 1926.

I have the honour to be,
Sir,
Your most obedient servant,

Income-tax Officer.

KM.

No. 4232 Dated Bangalore, 11th May 1926.

From

The Registrar,
Resident's Office,
B A N G A L O R E.

To

The Income-tax Officer,
Civil & Military Station,
B A N G A L O R E.

P.M.C.

Reference:- His letter No.C.R.100, dated the 5th May 1926.

GOVERNMENT TRADING TAXATION ACT, 1926.

Copy forwarded herewith; please return with reply.

o/c

REGISTRAR.

A.S.B.

No.119 of 26.
with Gaz. Copy of Act II for reference.

Office of the Collector and Assistant Commissioner of Income-tax,
Civil and Military Station, Bangalore,
Dated the 14th May 1926.

RESIDENT'S OFFICE
BANGALORE
4277
Register No. 17.5.26
Date of Receipt
File No. 89/26

From

T.B. Russell, Esq., I.C.S.,

Collector and Asst. Commr. of Income-tax,

Civil and Military Station, Bangalore.

To

The Secretary to the Resident
and Commissioner of Income-tax,

Civil and Military Station, Bangalore.

Sir,

Government Trading Taxation Act,1926 - Liability of Indian States to tax under the Indian Income-tax Act,1922. - Your No.4015,dated 5th May 1926.

I have the honour to state that I recommend the application of the above Act to the Civil and Military Station of Bangalore, and to forward herewith a draft Notification.

I have the honour to be,

Sir,

Your most obedient servant,

Collector and Asst. Commr. of Income-tax.

KMP.

GOVERNMENT OF INDIA.

Foreign and Political Department.

Delhi, the 1926.

No. - In exercise of the powers conferred by the Indian (Foreign Jurisdiction) Order in Council, 1902, and of all other powers enabling him in that behalf, the Governor General in Council is pleased to direct that the following further amendment shall be made in the schedule to the notification of the Government of India in the Foreign and Political Department, No.318-D, dated the 16th January 1917, applying certain enactments to the Civil and Military Station of Bangalore, namely:-

After entry 87-Q, the following shall be inserted namely:-

"87-R. - The Government Trading Taxation Act, 1926 (III of 1926)".

Secretary to the Government of India.

12-5-26. Collector and Asst.Commr. of Income-tax.

11

No. 4650 2-1
89-1926.

From

The Hon'ble Mr. S. E. Pears, C.S.I., C.I.E.,
Resident in Mysore.

To

The Political Secretary to the Government of India,
Foreign and Political Department.

Dated Bangalore 27th May 1926.

GOVERNMENT TRADING TAXATION ACT (III OF 1926).

Sir,

I have the honour to refer to the Circular from the Government of India, Central Board of Revenue, C.No.10/782-I.T/25, dated the 19th March 1926, and to state that - advantage cannot be taken of the Act in the Civil and - Military Station of Bangalore, where it is not in force, to assess the Governments concerned.

The Collector and Assistant Commissioner of Income-tax, Civil and Military Station, Bangalore, whose views were - ascertained, recommends the application of the Act to the Civil & Military Station, I concur in the recommendation, and submit a draft notification for approval and favour of publication.

I have the honour to be,
Sir,
Your most obedient servant,

for RESIDENT.

BJ

No.
Government of India.
Foreign & Political Department.

Simla, the May 1926.

NOTIFICATION.

In exercise of the powers conferred by the Indian (Foreign Jurisdiction) Order in Council, 1902, and of all other powers enabling him/in that behalf, the Governor General in Council is pleased to direct that the following further amendment shall be made in the schedule to the notification of the Government of India in the Foreign and Political Department, No.318-D., dated the 16th January 1917, applying certain enactments to the Civil and Military Station of Bangalore, namely:-

After entry 87-Q, the following shall be inserted namely:-

"87-R. - The Government Trading Taxation Act, 1926 (III of 1926)".

Secretary to the Government of India.

No.276 I.

12

Government of India,

Foreign and Political Department,

Simla, the 15th June 1926.

NOTIFICATION.

In exercise of the powers conferred by the Indian (Foreign Jurisdiction) Order in Council, 1902, and of all other powers enabling him in that behalf, the Governor General in Council is pleased to direct that the following further amendment shall be made in the schedule to the notification of the Government of India in the Foreign and Political Department, No.318-D., dated the 16th January 1917, applying certain enactments to the Civil and Military Station of Bangalore, namely:-

After entry 87-Q, the following entry shall be inserted namely:-

"87-R. - The Government Trading Taxation Act, 1926 (III of 1926)".

RESIDENT'S OFFICE,
BANGALORE.
Register No. 5137
Date of Receipt 21-6-26
File No. 89/26

Sd. J.P.Thompson,

Political Secretary to the Government of India.

Copy to -

The Hon'ble the Resident in Mysore, for information, with reference to his letter No.4650/89-1926, dated the 27th May 1926.

The Central Board of Revenue, for information, with copy of letter from the Hon'ble the Resident in Mysore, No.4650/89-1926, dated 27th May 1926.

Attested.

Superintendent,

Foreign and Political Department.

No. 1507
89-1926.

Office of the Resident in Mysore,
Bangalore 26th June 1926.

A copy of the marginally noted notification is forwarded to the Collector and Assistant Commissioner of Income-tax, Civil & Military Station, Bangalore, with reference to his letter No.119 of 26, dated the 14th May 1926.

No.276-I, dated the 15th June 1926, by the Government of India in the Foreign & Political Department.

2. His attention is now invited to the Circular from the Central Board of Revenue C.No.10/782-I.T./25, dated the 19th March 1926 (copy forwarded with the endorsement from this office No.3043, dated the 1st April 1926) and he is requested to be so good as to favour the Resident with his suggestions regarding the officer to be treated as the representative for the purpose of the notice under section 2(12) (b) of the Indian Income-tax Act.

Notification to be republished in the Residency Orders with 100 s.c. to be supplied to this office.

26.6.26

SECRETARY TO THE RESIDENT

C.R.No.159 of 26.

Office of the Collector and Assistant
Commissioner of Income-tax,
Civil and Military Station, Bangalore,
Dated the 9th July 1926.

From

T. B. Russell, Esq., I.C.S.,
Collector and Asst. Commr. of Income-tax,
Civil and Military Station, Bangalore.

RESIDENT'S OFFICE,
BANGALORE.
Register No. 5712
Date of Receipt 12/7/26

To

The Secretary to the Resident,
C & M Station, Bangalore.

Sir,

Government Trading Taxation Act (III of 1926) - Indian Income-tax - Indian States liability to pay tax - Your No.5507/89-26 dated 26th June 1926.

The Central ~~Government~~ Board of Revenue of ~~India~~ in their circular No.C.10-782-I.T.-25 dated 19th March 1926 directed that before attempting to assess the income of any Government under the Government Trading Taxation Act (III of 1926) the Income-tax Officer must serve a notice under Section 2 (12) (b) of the Indian Income-tax Act upon some representative of the said Government in British India declaring his intention of treating such representative as the principal Officer of such Government. This order was passed when it was held that the service of a notice on non-residents was illegal. In view, however, of the decision now arrived at by the Government of India that notices under the Income-tax Act could legally be served abroad upon non-residents by post in accordance with the provisions of Section 63 of the Indian Income-tax Act XI of 1922 (Cir. No.R.Dis.24/365 I.T/36 dated 24th June 1926 communicated with your No.5780 dated 6th July 1926) the Income-tax authorities of this station

may legally serve notice on the Mysore Durbar. I would accordingly suggest that the Government of His Highness the Maharaja may be addressed on the subject and that they be requested to appoint an agent to represent them for the purpose of the above Act in the Civil and Military Station.

I have the honour to be,

Sir,

Your most obedient servant,

Collector and Asst. Commr. of Income-tax.

ECW-KMP.

15

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 6174 Enc. 3
89-1926.

FROM

Major K. A. G. Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.

To

The Secretary to the Government of Mysore,

Revenue Department.

Dated Bangalore, 17 July 1926.

Subject.

Government Trading Taxation Act (III of 1926)
Liability to Indian Income-tax of Indian States.

SIR,

I am directed to forward, for the information of the Government of Mysore, a copy of a Circular from the Central Board of Revenue C.No.10/782-I.T/25, dated the 19th March 1926, in which the attention of Commissioners of Income-tax is drawn to the Government Trading Taxation Act (III of 1926) which came into force on the 1st April 1926.

S.1.

x Copy enclosed.

S.3.

S.12

2. The Act has been applied to the Civil and Military Station of Bangalore, and a reference is invited to the instruction conveyed in the Circular referred to above that "before attempting to assess the income of such Government the Income-tax Officer must serve a notice under section 2(12)(b) of the Indian Income-tax Act upon some representative of the said Government in British India declaring his intention of treating such representative as the principal officer of such Government".

In view however of the decision arrived at by the Government of India that notices under the Income-tax Act can legally be served abroad upon non-residents by post in accordance with the provisions of section 63 of the Indian Income-tax Act, XI of 1922 (vide enclosed copy of Circular R.Dis.No.24/365-I.T./26, dated the 24th June 1926)

81. 2/38/18.

the Income-tax authorities in the Civil & Military Station would appear to be competent to serve a notice on the Government concerned.

As indicated in the Circular referred to in the preceding paragraph the more convenient procedure would be to appoint an agent for the service of notice and I am therefore directed to invite the Mysore Government to appoint such an agent to represent them for the purpose of the Act in the Civil and Military Station.

I have the honour to be,

Sir,

Your most obedient servant,

o/c KCJ 17.7.26

Major.

SECRETARY TO THE RESIDENT.

BJ

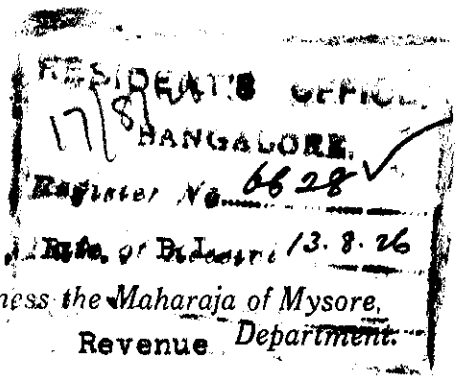
16

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat,

Bangalore, Dated, 12 - 8 - 1926.

No. Pol. 158
G.T. 9-26.



From

C. Ranganatha Rao Saheb, Esq., B.A., (Cantab.), Bar-at-Law,
Secretary to the Government of His Highness the Maharaja of Mysore,
Revenue *Department.*

To

The *Secretary to the Hon'ble the Resident in Mysore,*
Bangalore.

Sir,

I am directed to request you to be so good as to forward for reference copies of orders applying the Indian Income Tax Act XI of 1922 and the Government Trading Taxation Act III of 1926 to the Civil and Military Station of Bangalore.

I have the honor to be

Sir

Your most obedient servant,

C Ranganatha Rao Saheb

Secretary to Government
Revenue Department.

K.V.

Aga.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE.

Bangalore, 20/8/1926

No. 7247 Encls. 2

1. No. 1049 Rev.
d. the 10th May, 1922,
by the G. / Dept (Sl. 100/35-18)
2. No. 276-I, d. the 15th June, 26, by — do — (Sl-12) 158
J. J. 9-26 /
June 12th Aug, 26.

A copy of the marginally* noted ~~letter, with enclosure,~~ notice. is forwarded, with compliments, to the ~~Chief~~ Secretary to the Government of H. H. the Maharaja of Mysore, Rev. Dept., with ref. to his letter No. 101 ..... dated the .....

S. K. Ewans Gold
Secretary to the Resident.

17/8

P. O. 758. R. O. 25.—2,000.—2-10-1925.—R. P. B.

17/8

RESIDENT'S OFFICE
BANGALORE.
Register No. 8584 X
Date of Receipt 25/X/26
File No. 3 1/5

THE PALACE,
MYSORE.

October 22, 1926

My dear Evans-Gordon,

Very many thanks for your d.o.No.9016 of the 20th about the passports. I send the Rs.5/- herewith, but will remit it to your office at Bangalore if it is inconvenient to receive it here.

To turn to another subject, the Durbar are much concerned over your letter No.6174-89-1926 of the 17th July last, which declares their liability to taxation by the British Government in respect of trading transactions in Bangalore, and the Dewan would much like to have had an opportunity of stating the case as it appears to him to the Resident. As, however, he is fully engaged with the Representative Assembly, he has asked if I would represent him. Would you kindly let me know if Mr.Pears could spare me a few minutes in the course of the afternoon? I will be at his disposal at any time that is convenient to him.

Yours sincerely,

C Goddard

A. We may await a letter on this subject.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

Bangalore, Dated, 26-10-26

No. Pol. 381

RESIDENT'S OFFICE
Date of Receipt 27/X/26
Diary No. 8665

From

B. Nagappa, Esq., Bar-at-law,
Secretary to the Government of His Highness the Maharaja of Mysore,
Local and Legislative Department.

To

The *Secretary to the Hon'ble the Resident in Mysore,*
Bangalore.

Sir,

I am directed to acknowledge the receipt of your letter - - No.6174/89-1926 dated 17th July 1926, stating that the Government Trading Taxation Act, III of 1926, has been applied to the Civil and Military Station of Bangalore and inviting the Government of Mysore to appoint an Agent to represent them for the purpose of the Act in the Station.

The said Act applies to income from trade or business carried on in the Station by the Government of any part of His Majesty's Dominions other than the Government of India or a Local Government and to the property occupied, and goods owned, in the Station for the purpose of such trade or business. The expression "His Majesty's Dominions" as defined in Section 2(3) of the Act "includes any territory which is under His Majesty's protection or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions."

The relation between the Station and the State is not the same as that between the Station and the Government of any part of His Majesty's Dominions. The Station is part of the State and only its management has been entrusted to the British Government for a specified prupose. For the Station to claim the right of taxing the State would be inconsistent with the relation that exists between them. The Governments of Indian - - States may come under Sub Section (3) of Section 2 and the - -

income from any trade or business carried on by such Governments in British India may be liable to tax under the Act, but the relation between the State and the Station is quite different from that between British India and the Governments of Indian States and the State cannot be subject to taxation in the Station. The Government of Mysore consider that the Act III of 1926 cannot be applied to them in respect of any trade or business carried on by them in the Civil and Military Station and they also believe that it cannot be the intention to apply it to them. The Act as extended to the Station, is obviously intended to apply only to Governments other than the Government of Mysore in respect of any trade or business - - carried on by them in the Station.

In the circumstances stated above, I am to state that His Highness' Government consider that it is not necessary to appoint any agent as suggested in the last para of your letter.

I have the honour to be,

Sir,

Your most obedient servant,

B. Nagappa.

Secretary to Government,
Local and Legislative Departments.

No. 117 Enc. /
89-1926.

From

The Hon'ble Mr. S.E.Pears, C.S.I., C.I.E.,

RESIDENT in MYSORE.

To

The Political Secretary to the Government of India,
Foreign and Political Department.

Dated Bangalore, 5th January *192*7.

Application of the Government Trading Taxation Act III of 1926, to the Civil and Military - Station of Bangalore.

Sir,

I have the honour to refer to the Notification of the Government of India in the Foreign and Political Department No.276-I, dated the 16th June 1926, applying the above Act to the Civil and Military Station of Bangalore.

8:12

3. The Mysore Government were invited to appoint an agent to represent them for the purpose of the Act in the Station. In answer to this reference, they have raised the question of the propriety of the Station to claim the right to tax the Mysore - State, of which it forms a part.

8:15

3. It is urged that the relations between the Civil and Military Station and the Mysore State are not the same as those which subsist between British India and the Governments referred to in section 2 of the Act, and that it would not be consistent with those relations to assume that the Mysore State can be made subject to taxation in the Station.

The Government of Mysore contend that this Act cannot be applied to them in respect of any trade or business carried on by them in the Civil and Military Station; and they consider that in the circumstances, it is not necessary to appoint an agent to represent them for the purpose as suggested.

4.

Para(17) of Notes.

4. The Collector, Civil and Military Station, whose views I invited, reports that the main, if not the only business affected will be the Mysore Government supply of electricity to the Station. He adds that although the income derived from this would be considerable, there will be the incentive for the Government of Mysore to pass the burden of taxation on to the consumer; and he suggests that the imposition of the tax would be likely to prejudice the harmonious relations with the Government of Mysore upon which the satisfactory administration of the Station depends.

5. In view of the special position which the State of Mysore occupies in relation to the Civil and Military Station, a position which has been recognised in such matters as the surplus revenues of the Assigned Tract, and the use of their stamps in the Station, I share the view of the Government of Mysore that it would be inconsistent with that position to apply the Government Trading Taxation Act to their undertakings in the Civil and Military Station; and I recommend that the State of Mysore be exempted from the operation of the Act, as applied to the Station. A draft notification is submitted for this purpose for approval and favour of publication.

It is not suggested that the notification applying the Act may be cancelled, as there are other Indian States whose Governments may become liable to taxation under the Act, and the reasons which would justify the course suggested in the case of Mysore, will not apply to them.

I have the honour to be,

Sir,

Your most obedient servant,

O/c 4.1.27

Major

for RESIDENT.

A.S.B.

No.

GOVERNMENT OF INDIA.

FOREIGN AND POLITICAL DEPARTMENT.

Dated the

N O T I F I C A T I O N .

In exercise of the powers conferred by the Indian (Foreign Jurisdiction) Order in Council, 1902, and of all other powers enabling him in that behalf, the Governor General in Council is pleased to direct that the following addition shall be made to the notification of the Government of India in the Foreign and Political Department, No.276-I, dated the 15th June 1926, applying "The Government Trading Taxation Act, 1926 (III of 1926)" to the Civil and Military Station of Bangalore.

Below the entry "87-B- The Government Trading Taxation Act, 1926 (III of 1926)" the following shall be inserted, namely:-

"Provided that the Act shall not apply to any trade or busines of any kind carried on by or on behalf of the Government of the Mysore State within the limits of the Station aforesaid".

SECRETARY TO THE GOVERNMENT OF INDIA.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 118 89-1926 ENCLOS. 1 *Dated Bangalore, 5th Jany. 1927*

21

FROM

Major K.A.G.Evans Gordon,

SECRETARY TO THE RESIDENT IN MYSORE.

To

The Secretary to the Government of Mysore,

Local and Legislative Departments.

Subject :—

Appointment of an agent to represent the Government of Mysore for the purpose of the - Government Trading Taxation Act III of 1926, as applied to the Civil & Military Station of Bangalore.

SIR,

I am directed to refer to your letter No.Pol.381, dated the 26th October 1926, and to inform you that the Government of India have been addressed in the matter.

I have the honour to be,
Sir,
Your most obedient servant,

Ok 4.1.27.

Major.
SECRETARY TO THE RESIDENT.

C

D.O. No.135-I/26.

Foreign and Political Department,

Simla, the 2nd April 1927.

RESIDENCY OFFICE.
Received 22/4/27
Regd. No. 3391
19/4/27
89
16

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act, 1926, as applied to the Civil and Military Station of Bangalore.

Dear Mr. Pears

I am desired to invite a reference to your official letter No.117/89-1926, dated the 5th January 1927.

2. In view of the Mysore Darbar's original offer to supply electric lighting to the Civil and Military Station of Bangalore free, or practically free, (vide the correspondence cited in the margin), I am to enquire, with reference to paragraph 4 of your letter, how it can be held that by taxing the Darbar's business in connection with the supply of electricity to the Station the income derived would be considerable.

Letter from the Resident in Mysore No.1601, dated the 16th March 1905, (paragraph 6).
Letter (demi-official) from ---ditto--- No. 3177, dated the 8th June 1905.
Letter from the Resident in Mysore No.3032, dated the 24th May 1906 (paragraph 4).

S 150 543-41
S 81 543-41

3. I am also to ask what the financial interests involved, including both the electrical supply and the other undertakings which, apparently, are unimportant, approximately amount to.

Yours sincerely
H R Lynch Blosse

The Hon'ble Mr. S.E. Pears, C.S.I., C.I.E.,
Resident in Mysore.

No. 3755 Enc 2
28-4-27.

From Secy. to Resident

To Collector, C.& M. Station.

Subject

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act, 1926, as applied to the C.& M. Station of Bangalore.

D.O.

I am desired to forward a copy of a D.O. letter No.135-I/26, dated the 9th April, 1927, from the Government of India, Foreign and Political Dept., and of the letter to which it is a reply.

2. I am to request that the Resident may be favoured with your remarks on para 2 of the D.O., and with the information asked for in para 3 of it.

3. The R.O. file on the subject is being sent to you separately.

puc

sl. 20

Yours

22.4.27

23.4.27

23/4

23/4

D.O. No.C.R.100/26 Bangalore, 10th May 1927.

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act,1926, as applied to the Civil and Military Station of Bangalore. Your D. O. No.3755 dated 27th April 1927.

4128

12/5/27

S.C.23

89/26

S.22

I venture to think that the points raised in para 2 of the Demi-Official letter from the Foreign and Political Department show a somewhat superficial examination of the case. As pointed out by Office at the beginning of para 23 of the Note in the Residency File, it was the original plant which the Durbar gave practically free, or, to be more accurate, at the expense of the Mining Companies who were being supplied at the same time. From the concluding sentence of para 9 in Sl.27/543-01, it will be seen that it was estimated that the Durbar would make a profit of Rs.91,600/- from the supply of the electricity to the two towns. Taking half of this as coming from the Civil and Military Station, the estimate would be about Rs.45,000/-. From general enquiries which I have made, I think it probable that they get this or something more from supplying electricity to the Municipality and to

private consumers here. It seems hardly desirable to excite the Dubar's suspicions by making detailed enquiries to find out what they actually do get.

2) The only other undertaking is the "Mysore Arts and Crafts" and the Income-tax Officer estimates its income at Rs.5,000/- per annum. The total taxable income involved would be, therefore, about Rs.50,000/- at a rough estimate. This is a considerable amount from the point of view of an Income-tax Officer, but the tax on it does not amount to much in the financial relations between the Durbar and the British Government.

I am returning the Residency files separately.

Yours sincerely,
H Arnold.

To

Major K.A.G. Evans Gordon,
Secretary to the Resident in Mysore,
Civil and Military Station, Bangalore.

25

D.O.No. 4797 Enc 2

Dated 27th May 1927.

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act, 1926, as applied to the Civil and Military Station of Bangalore.

Dear Sir John Thompson,

S.22.

Please refer to your demi-official letter No.135-I/26, dated the 9th April 1926.

2. As regards the correspondence, to which attention is invited in paragraph 2 of your letter, which has apparently led the Government of India to conclude that the supply of electric lighting to the Civil and Military Station is not a source of profit to the Mysore Government, I would invite a reference to Sir James Bourdillon's letter No.1764, dated the 6th April 1904, in which the scheme for the introduction of electric lighting into the City and Civil & Military Station of Bangalore was explained to the Government of India, and in particular to paragraphs 8 and 9 of this letter, from which it will be seen that the agreement to make no charge related entirely to the expenses connected with the installation of the plant and equipment necessary to supply the power and to light the City and the Station, which would be defrayed from the sale of the power to the Gold Mining Companies; and the scheme, as will be seen from the concluding portion of paragraph 9 of this letter, undoubtedly provided for a margin of profit, to be obtained from the receipts from lighting and the sale of power, estimated at the time to amount to Rs.91,600/- annually.

S.27/543-01.

3. These conditions of supply have been embodied in the agreements concluded between the Government of Mysore and the Municipal Commission of the Civil and Military Station in connection with the street lighting of the Station. I enclose extracts from the agreements of 1908 and of 1923 bearing on this

* clause 1, 2 94 - R. 213(b) 543-01.
* clause 243 - R. 347(a) 543-01

this statement.

4. Besides the income derived from the electric lighting of the Station, the supply of electric power to private consumers and for industrial purposes, in the Station, forms a not inconsiderable source of income to the Government of Mysore, and the rates for such power supply, it should be stated, were revised and enhanced in 1921.

S. 311/6743-01.

5. It will be seen that the scheme for the introduction of electric lighting in the City and Civil & Military Station of Bangalore was expected to secure a net income of Rs.91,600/- annually. Taking half of this as derived from the supply of power to the Station, and allowing for the increase of rates which have been brought into force since 1921, it would not be unfair to assume that the revenue derived by the Government of Mysore from this source amounts to at least Rs.45,000/-, if not more.

6. The only other undertaking which would come within the purview of the Trading Taxation Act is the "Mysore Arts and Crafts". The Income-tax Officer, Civil & Military Station, estimates that the income from the sale of its Products in the Station amounts to Rs.5,000/- per annum.

7. This would give a total taxable income of about Rs.50,000/- which is a considerable sum from the point of view of the Income-tax Department, although in the special financial relations between the Government of India and the Mysore Government with regard to the revenues of the Assigned Tract, the share of the Station in the proceeds of the tax would not be great.

8. The above forms an approximate estimate. Actual figures as to the income from the sources mentioned could only be obtained from the Government of Mysore. It is perhaps unnecessary in

the

the circumstances of this case where a recommendation for exemption is made, to make this detailed inquiry, and judging from the last sentence of your letter, the Government of India do not apparently require that such an enquiry should be made.

yours sincerely

wd
O/c. 28.8.27

for The Hon'ble Mr. S. E. Pears.

F.N.

The Hon'ble Sir John Thompson, K.C.I.E., C.S.I.,
Political Secretary to the Government of India,
Foreign & Political Department.

26

D.O.No.135-I.

FOREIGN AND POLITICAL DEPARTMENT.

New Delhi, the 9th November *19*27

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act, 1926, as applied to the Civil and Military Station of Bangalore.

Registry Office
Secret Branch
Registered No. 10146
Date of Receipt 21-11-27
No. 8926

Dear Mr Pears

With reference to the correspondence ending with your demi-official letter No.4797, dated the 27th May 1927, I am desired to enquire whether apart from the business carried on by the Mysore Darbar in the Civil and Military Station of Bangalore (i.e. supply of electricity to the Station and the "Mysore Arts and Crafts") which under the Government Trading Taxation Act is taxable, the Darbar own any other business or property in the Station and whether they pay any form of Imperial or local taxation with regard thereto.

Yours sincerely

To

The Hon'ble Mr. S.E. Pears, C.S.I., C.I.E.,
Resident in Mysore.

27

D.O.No. 11857

THE MYSORE RESIDENCY,
BANGALORE 24 NOVEMBER 1927.

Proposed exemption of the Mysore State from the operation of the Government Trading Taxation Act, 1926, as applied to the Civil & Military Station, Bangalore.

Dear Sir,

S.24

With reference to the correspondence ending with your demi-official letter No.C.R.100/26, dated the 19th May 1927, I am desired to enquire, at the instance of the Government of India, whether apart from the business carried on by the Mysore Government in the Civil & Military Station of Bangalore (i.e. supply of electricity to the Station and the "Mysore Arts and Crafts") which under the Government Trading Taxation Act is taxable, the Mysore Government own any other business or property in the Station and whether they pay any form of Imperial or local taxation with regard thereto.

for Major K.A.G.Evans Gordon.

24/11/27

T. B. Russell, Esq., I.C.S.,
Collector,
Civil and Military Station,
Bangalore.

D.O.No. 67

Bangalore, 14th December 1927.

28

Proposed exemption of the Mysore State from the operation of the Government Trading taxation Act, 1926, as applied to the Civil and Military Station, Bangalore -- Your D.O. No. 11857 dated the 24th November 1927 --

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The Mysore Government does not own any business other than the supply of Electricity to the Station and the Mysore Arts and Crafts.

The Electric Transformer Stations at the East Parade and in the Broadway Road are the property of the Mysore Government. The former pays to the Municipality "excess water" and "conservancy charges" and the latter only "excess water charges". No Imperial taxes are paid.

PRESIDENT'S OFFICE,
BANGALORE.
Register No. 11008
Date of Receipt 15/12/27
File No. 85/27

To.

Major K.A.G. Evans-Gordan,
Secretary to the Resident
and Commissioner of Income-tax,
BANGALORE.

29

THE MYSORE RESIDENCY,

D.O.No. 12763 Bangalore 20th Decr. 1927.

PROPOSED EXEMPTION OF THE MYSORE STATE FROM THE OPERATION OF THE GOVERNMENT TRADING TAXATION ACT, 1926, AS APPLIED TO THE CIVIL AND MILITARY STATION OF BANGALORE.

Dear Glancy,

Please refer to your demi-official No.135-I, dated the 9th

S.26

November.

The Mysore Government does not own any business in the Civil and Military Station of Bangalore other than the supply of - Electricity to the Station and the "Mysore Arts and Crafts".

The Electric Transformer stations at the East Parade and in the Broadway Roads of the Station are the property of the Mysore Government. The former pays to the Municipality "excess water" and "conservancy charges" and the latter only "excess water charges". No imperial taxes are paid.

a/c

a/c

19.12.27

S.R.

19|12|27

B. J. Glancy, Esq., C.I.E.,
Deputy Secretary to the Government of India,
Foreign and Political Department.

No.F.135-I/26.

From

The Political Secretary to the Government of India,

To

The Hon'ble the Resident in Mysore.

Dated New Delhi, the 6th December 1928.

Application of the Government Trading Taxation Act III of 1926, to the Civil and Military Station of Bangalore.

Sir,

I am directed to refer to your letter No.117-ENC.I/89-1926, dated the 5th January 1927, in which you asked that the Government Trading Taxation Act III of 1926 should be held not to apply to the Mysore State in its undertakings in the Civil and Military Station of Bangalore. The Government of India have given careful consideration to the request of the Mysore Darbar as forwarded by you and have decided that the Act in question should not be applied to trading operations carried on in an Administered Area by the Government which possesses Sovereignty over that Area. In the case of Bangalore the Sovereignty over the Area is possessed by the Mysore Darbar and in these circumstances the decision reached on the general question requires the Act as applied to the Civil and Military Station to be so modified as to exclude business carried on by the Mysore Darbar from its scope. The necessary notification will be published in the Gazette of India at an early date.

2. It may be clearly noted that there is no question of withdrawing the application of the Act generally from the Station of Bangalore. If any Government or Darbar other than the Mysore Darbar were therefore to open trading operations within the Area they would be liable for taxation under the Act.

3.

3. I am to request that if you have no objection the Mysore Darbar may be informed accordingly.

I have the honour to be,

Sir,

Your most obedient servant,

Political Secretary to the Government of India.

RESIDENT'S OFFICE
BANGALORE.
No. 11637 V
10/12/28.
89/26

No. 684 - I.
Government of India.
Foreign and Political Department.

New Delhi, the 5th December 1928.

Notification.

In exercise of the powers conferred by the Indian (Foreign Jurisdiction) Order in Council, 1902, and of all other powers enabling him in that behalf, the Governor General in Council is pleased to direct that the following further amendment shall be made in the Schedule to the Notification of the Government of India in the Foreign and Political Department No.318-D, dated the 16th January 1917, applying certain enactments to the Civil and Military Station of Bangalore, namely:

Against entry 87-R in the said Schedule relating to the Government Trading Taxation Act,1926,(III of 1926) the following modification shall be inserted in the second column, namely:-

"In sub-section (3) of section 2, after the word 'territory' the words 'other than the territory of the Mysore State' shall be inserted."

Sd. C.C.Watson,
Political Secretary to the Government of India.

Copy to the Hon'ble the Resident in Mysore, for information, in continuation of the letter from the Foreign and Political Department No. 135-I/26, dated the 6th December 1928.

Attested.

Superintendent,
Foreign and Political Department.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 380 Enc. /

03-1926

From

A. C. Lothian, Esquire, I.C.S.,

SECRETARY to the RESIDENT in MYSORE.

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Law Department.

Dated Bangalore, 6th Jany. 192 9

Subject.

Application of the Government Trading Taxation Act III of 1926, to the Civil & Military Station of Bangalore.

Sir,

G.N.I.(S) With reference to the correspondence ending with your letter No. Pol.361, dated the 25th October, 1926, I am directed to state that the Government of India have given careful consideration to the request of the Mysore Darbar and have decided that the Government Trading Taxation Act, III of 1926 should not be applied to trading operations carried on in an Administered Area by the Government which possesses Sovereignty over that Area. In the case of the Civil and Military Station of Bangalore, the Sovereignty over the Area is possessed by the Mysore Darbar and, in these circumstances, the decision reached on the general question requires the Act as applied to the Civil and Military Station to be so modified as to exclude from its scope business carried on by the Mysore Darbar. The necessary notification has been published in the Gazette of India, and a copy of it accompanies this letter.

2. It may be clearly noted that there is no question of withdrawing the application of the Act generally from the Civil and Military Station of Bangalore. If any Department or Darbar other than the Mysore Darbar were therefore to open trading operations [illegible]

they would be liable to taxation under the Act.

I have the honour to be,
Sir,
Your most obedient servant

Sd. A. C. Lothian,

SECRETARY TO THE RESIDENT.

No. 35.

Copy forwarded to the Collector, Civil and Military Station, Bangalore, with reference to the correspondence ending with his letter C.R.No.158 of 26; dated the 9th July, 1926.

d/c

SECRETARY TO THE RESIDENT.

33

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

FINANCIAL SECRETARIAT,

No. Fi. pol. 788

Bangalore, Dated, 30th January 1929

From

B. SRINIVASA IYENGAR, ESQR., B.A., B.L.,

Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

THE SECRETARY TO THE HON'BLE THE RESIDENT

IN MYSORE, B A N G A L O R E .

Sir,

I am directed to acknowledge with thanks the receipt of your letter No.350/89-1926 dated the 10th January 1929, conveying the decision of the Government of India that the Government Trading Taxation Act, III of 1926, should not be applied to trading operations carried on in an Administered Area by the Government which possesses sovereignty over that area.

I have the honor to be,

S i r,

Your most obedient servant,

M Viswanatha

FOR FINANCIAL SECRETARY TO GOVERNMENT absent from Head Quarters.

May be filed.

C.V. Ramanathan 2.2.29